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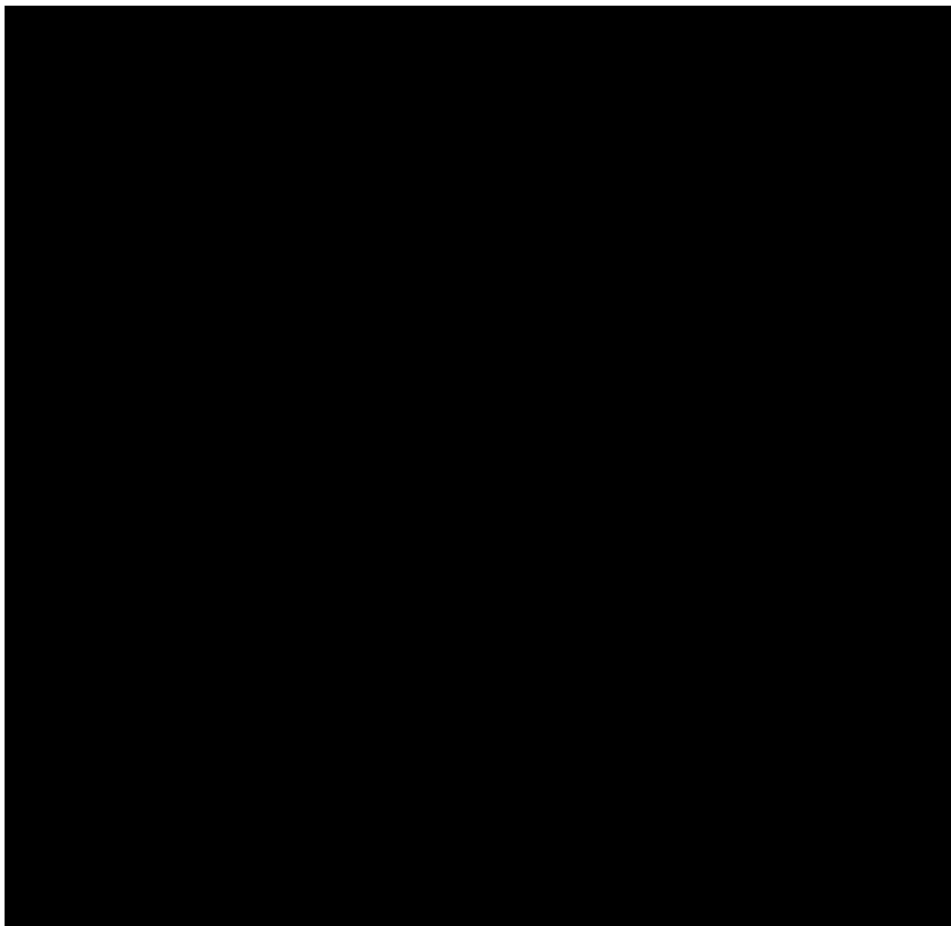
Central Intelligence Agency

Washington D C 20505

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DIRECTORATE OF INTELLIGENCE

18 March 1988



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INDIA'S RELATIONS WITH ITS NEIGHBORS

Summary

Prime Minister Gandhi considers India to be the dominant power in the South Asia region and a rival to China in Asia.* Over the last year he has exercised military muscle to assert India's interests against its neighbors--a dramatic departure from his previous reliance on personal diplomacy. Gandhi's impatience with his diplomats

probably weighed heavily in New Delhi's decision to back up diplomacy with force.

While China and Pakistan met New Delhi's saber rattling with their own military deployments, the smaller South Asian neighbors--Sri Lanka, Nepal, and Bangladesh--cannot. Although the smaller states generally recognize that India's actions are the key to regional stability, they complain that New Delhi has hegemonistic ambitions. Because Gandhi's new activism will make it more difficult for the smaller states to elicit support from Pakistan, China, and the United States, they are likely to try to strengthen their leverage with India through organizations such as the South Asian Association for Regional Cooperation (SAARC). SAARC does not deal with political and security issues, but its annual summits provide opportunities for "off-the-record" bilateral discussions.

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* This memorandum does not address India's relations with Pakistan which are dealt with in another memo.

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China: Friend of India's Neighbors

Indian officials view Sino-Indian relations strategically; they approach Beijing bilaterally, but also with an eye to Islamabad, Moscow, and Washington. New Delhi resents China's longtime alliance with Pakistan as a supplier of conventional military equipment and nuclear technology. The Indians have worried for years that China and the United States would cooperate against India in the event of another Indo-Pakistani conflict. New Delhi also considers Beijing's close relations with India's smaller neighbors an affront to what India views as its special role in South Asia. It saw earlier Chinese support for insurgent tribal groups in India's northeast as interference in India's domestic affairs. [REDACTED]

Beijing probably views relations with New Delhi first as an extension of its relations with Moscow, particularly since the Soviet invasion of Afghanistan. The Chinese tend to categorize India as a client of the Soviet Union. Part of Beijing's strategy to contain Soviet power and, by extension, Indian power has been to strengthen ties with Pakistan and India's smaller neighbors. [REDACTED]

Indian and Chinese troops remain in forward positions along their disputed border--a dispute that dates from the 1962 war in which Chinese forces overran Indian defenses, then unilaterally declared a ceasefire and withdrew in the eastern sector. This embarrassing defeat still colors New Delhi's relations with China. In early 1987, New Delhi and Beijing sent [REDACTED] troops to positions close to the border--raising tensions in their bilateral relationship as well as in their relations with Washington and Moscow. The buildup followed New Delhi's discovery that, for the first time, Chinese units had stayed the winter in disputed territory, largely because new US-supplied helicopters improved China's ability to resupply the front. [REDACTED]

Tensions subsided

following the Indian Defense Minister's stop in Beijing last summer. [REDACTED]

New Delhi and Beijing held their seventh round of border talks last fall to discuss the border situation. We expect they will talk again in 1988--but, again, without major breakthroughs. Gandhi holds a longstanding invitation to visit China and is considering a trip in the second half of the year. [REDACTED]

While Gandhi may be eager to practice his personal diplomacy in Beijing, we believe he will visit only if he calculates such a move would be supported domestically and that it would help New Delhi gain leverage with Moscow and Washington. [REDACTED]

Sri Lanka

New Delhi's decision to press for an accord between Tamil insurgents and the government in Sri Lanka last July and the subsequent military intervention startled observers both inside and outside India and Sri Lanka. Gandhi probably calculated that a pending Sri Lankan military attack against the insurgents in the northern city of Jaffna could have cost him political support in south India and could have unleashed another influx of Sri Lankan Tamil refugees. He also may have decided that a debacle in Sri Lanka would be viewed as his foreign policy failure and that escalating violence could prompt greater intervention by outsiders--including the United States. [REDACTED]

[REDACTED]

In the north, where Tamils are in the majority, the Indians are working to restore law and order and repair the damage from fighting in Jaffna last fall. Indian troops, in our judgment, probably still face resistance from some [REDACTED] hardcore insurgents, although New Delhi continues [REDACTED] negotiations to convince them to surrender their arms and participate in elections that will establish a new Tamil

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administration in the east and north. [REDACTED]

The Indian military is likely to stay in Sri Lanka at least until early next year, although probably not at full strength. We expect New Delhi will keep enough troops to ensure security in the north and east if Sri Lanka's presidential and parliamentary elections are held as expected by January 1989. New Delhi probably will publicize the withdrawal of some troops if Colombo manages to conduct the first stage of elections for provincial councils this summer, in part to help President Jayewardene counter complaints from his political opponents that he sold out to India. New Delhi undoubtedly also wants to provide enough security to assure the resettlement of over 100,000 Sri Lankan Tamil refugees remaining in India. [REDACTED]

Gandhi has warmly welcomed US support for the peace accord--viewing it as an endorsement to India's regional ambitions. New Delhi probably hopes its intervention will give it virtual veto power over Sri Lankan foreign policy decisions likely to affect New Delhi's regional security interests. The accord includes language New Delhi could invoke to press Colombo to reduce US ship visits and prevent construction of a large Voice of America (VOA) facility on the island. India, however, has not pushed Jayewardene on either issue so far. US ship visits to Sri Lanka have continued, as they have in India, and New Delhi seems to have accepted US and Sri Lankan assurances that the VOA station is not intended for military or intelligence purposes. [REDACTED]

Nepal

Indian influence in Nepal is extensive as a result of their close cultural and economic ties. The Indians view Nepal as a strategic buffer state on their sensitive northern frontier with China. New Delhi negotiated a Friendship Treaty in 1950 at the time of the Communist takeover in

China that it believes gives it the right to defend all the territory south of the Himalayas, including Nepal. New Delhi also interprets the treaty as giving it exclusive rights to supply military equipment to Nepal. A tripartite treaty allows India and the United Kingdom to recruit Nepalese Gurkhas into their military services. India, which accounts for almost half of Nepal's trade, is its largest trading partner. [REDACTED]

Kathmandu has resented New Delhi's heavy-handed direction and has cultivated ties with China to strengthen its hand. Over the last two years, the Nepalese have signed agreements with China for road building projects and arms purchases only to have India force them to renege. In the wake of Indian intervention in Sri Lanka, the [REDACTED] Nepalese are worried Indian military forces will intervene on behalf of Indians living in southern Nepal. Indian forces recently chased some Nepali-speaking Indians across the border without Nepal's permission. Despite Nepal's concerns, we believe there is almost no chance of Indian military intervention in Nepal for the foreseeable future. [REDACTED]

Bangladesh

India, in our judgment, does not want or calculate that it needs to involve itself in Bangladesh as heavily as it has in Sri Lanka or Nepal. India's 1971 war with Pakistan not only created Bangladesh but also a refugee problem that continues to trouble relations between New Delhi and Dhaka. New Delhi wants to repatriate tens of thousands of Bangladeshi refugees who exacerbated Indian ethnic and religious conflicts when they settled in northeast India after the war. Indian paramilitary forces have been involved in border security duties designed to aid the departure of Bangladeshi refugees. The Indians mainly watch Bangladesh to assure that political unrest does not push more refugees into India and stir political discontent in the northeast, but appear to believe the current regime in Dhaka can manage its problems. [REDACTED]

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Outlook

Gandhi probably is pleased with the carrot-and-stick approach that he has adopted to deal with India's neighbors. We expect he will continue to alternate diplomacy and demonstrations of military force to reinforce India's preeminent position in the region. Gandhi is most likely to undertake conciliatory diplomatic initiatives toward Pakistan and China during 1988 but will emphasize a harder line as the deadline for national elections in India approaches in late 1989. The Indians will do all they can to block Chinese or Pakistani efforts to provide assistance--particularly military aid--to the smaller South Asian states. New Delhi almost certainly will promote expanded economic cooperation in the region as a means of consolidating its power. It will maintain its defensive position along its borders with China and Pakistan, but its commitment and difficulties in Sri Lanka probably will preclude Indian military adventurism elsewhere. [REDACTED]

India's neighbors probably will try to limit New Delhi's gains by soliciting sympathy and support from China and the United States against what they characterize as Indian bullying. The smaller neighbors also are likely to try to expand ties within the region through organizations such as SAARC. Although they have failed in past attempts to place political and security issues on SAARC's agenda, they see the organization as a means of underlining their sovereignty to India, as well as promoting cooperation on the practical problems of regional development. [REDACTED]

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